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MEMORANDUM FOR: Associate Deputy Director for Science & Technology
National Intelligence Council, NFAC
Associate Deputy Director for Administration ✓
Comptroller
Chief, East Asia Division/DDO

STATINTL FROM

: 
Secretary, Executive Committee

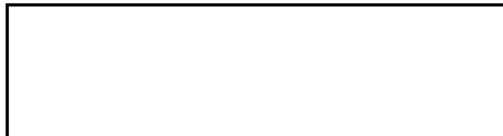
SUBJECT : Agency Planning

The attached CIA Planning Recommendations have been reviewed by the DCI and DDCI. They have requested the benefit of your thoughts prior to general distribution. Your attendance is requested at a meeting. We will be in contact with you shortly concerning date of meeting.

The objective of the meeting is to determine if this proposal can be used as a general framework for initiating Agency planning and, if so, what the next step should be. We are not concerned with details or mechanics at this point, but mainly, "are we headed in the right direction?"

The DDCI wants to hear your comments, incorporate appropriate changes, and submit the study to the directorates planning staffs. They would constitute an ad hoc task force, under EC Staff leadership, charged with refining the concept and presenting recommendations to the EC in March.

We look forward to receiving your suggestions. It is not necessary to submit written comments unless you wish to do so.



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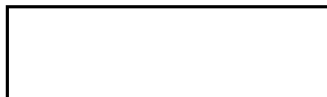
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Planning Recommendations

1 December 1979



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CIA Planning Recommendations

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FORWARD

In your 30 October memorandum to the Executive Committee regarding STAP recommendations, you requested the Executive Committee Staff to recommend a process for "preparing Agency-level goals/guidance" that could be utilized annually. This study should be viewed as a strawman from which that discussion can begin. The background research for this report has included: (a) interviews with planning representatives in CIA and at NSA, DIA, State, Air Force, OMB, and RMS; and (b) a review of NITs, DCID 1/2, US SIGINT Plan, DCI Program Guidance Book, Defense Intelligence Plan, Key Intelligence Requirements, Air Force Strategic Plan, and the Congressional Committees' guidance upon budget approval. The review of this study's proposals by line management will hopefully produce modifications that will make them even more useful.

EXECUTIVE SUMMARY

The time is right for Agency-level planning. The directorates are interested as evidenced by the fact that for the first time all directorates now have some form of planning system. They know their efforts are disjointed and they want some leadership. The atmosphere in Congress and the general public's attitude are turning back in our favor. The future should present us with much better opportunities to present our case. However, there will be no carte blanche. We must know what we want and be able to defend it. The budget will not serve this need in its present format. A planning system would help.

The two main hinderances to Agency planning are the lack of a mechanism, which this report attempts to solve, and the lack of resolve on the part of top management to advocate strongly and communicate the need. The signs are unmistakable. No planning group in the Agency has any real political power, the Executive Committee Staff still does not really report to the DDCI, the Executive Committee Staff head (who is intended to be the focal point for planning) is not a participant in Executive Committee meetings, and many assigned Executive Committee topics miss deadlines, indicating a low priority. Without the active and visible support by the DCI, DDCI, and the DDs, there is absolutely no chance that any planning system will work.

This report recommends a comprehensive planning mechanism. It is intended to generate discussion, and suggested improvements are welcome. The two major components of the mechanism are the structure and the process.

The structure consists of:

Directorate Staffs: These staffs will prepare the plans for their respective directorates, assist office heads when requested, and serve as catalysts for creative input.

Executive Committee Staff: This staff will serve as the synthesis point for all directorates and help to establish and monitor action plans.

Planning Board: This would consist of the planners from each directorate plus the Executive Committee Staff. Their function would be to assist the Executive Committee Staff in synthesizing a top-level plan and carrying out action plans.

Executive Committee: The Executive Committee will be the final review body for all advice to the DCI and DDCI.

This structure is not meant to be overly formal and the implication should not be drawn that the planners are doing all the planning. Planning is still a line management responsibility with staffs to assist.

The process or the contents of the plan would be as follows:

Strategic Direction Shifts: Fundamental changes in our mission or the nature of our organization (marked increase in interest by policymakers in covert action).

Gaps: Top priority collection, production, or organizational/operational needs for which our capabilities are less than adequate.

Opportunities: Top priority collection, production, or organizational/operational needs for which we possess the capability of achieving significant or perhaps even breakthrough results.

Goals/Priorities: Goal statements for our most important gaps, opportunities, and strategic shifts.

The test of management is in lean times. It is easy to manage and grade well with significant funding and personnel increases each year. Limited resources require a rifle rather than a shotgun approach. Planning can be a powerful tool for ensuring that our management and financial resources are targeted for maximum results.

If we can marshal the organizational discipline required to have a successful planning system, we will have taken large steps towards determining our own destiny rather than serving too often on a reactive basis.

DEFINITION OF PLANNING

Planning has as many different definitions as the number of people you ask, and we should avoid arguing too much over semantics. In its simplest form, planning is merely acknowledging that our decisions today will affect our performance in the future. It is deciding what we want to do and a few ways to go about it. This report breaks planning down into two components, strategic and operational.

Strategic: A broad overview of each directorate and the Agency will be taken to determine changes in the nature and direction of the Agency. Strategy is a function of direction, not time frame.

Operational: Here we will focus on gaps, opportunities, and overall goals. The timing horizon should be about three to five years. In reality, this means many decisions/ actions may be taken immediately but the results may be several years away. Action plans are a part of operational planning and serve as the mechanism for implementation of goals.

PERSPECTIVE ON PLANNING

Planning is not an end in itself. The need for and the benefits of planning receive so much publicity that the layman often seems to feel that the mere utterance of a few correct buzzwords will somehow mystically transform his stumbling organization into a star. Spending more time in meetings discussing planning and creating a planning document has no intrinsic worth. Even after the formulation of action plans, no action has been taken. Organizations do not soon forget if their time is taken in an exercise for which nothing happens.

Most everyone in the Agency agrees that some type of planning is desirable. The question is how do we implement a system that is simple, inexpensive, nonthreatening, and does not end up to be a 200-page document that nobody reads and is supported by a huge staff? More simply stated, how do we develop a process that will be viewed as being of practical value to line management?

WHY THE CIA NEEDS TO PLAN?

Planning is the holy grail most corporations diligently seek. Almost all use some type of planning system. The benefits vary widely, but when properly designed to the needs of the organization, the benefits can be substantial. Government agencies and Congress have more reactive management modes born from political constraints. Due to the capricious nature of political attitudes and the resulting demands, the CIA can probably never reap the full spectrum of benefits from planning that General Electric can. However, the Agency needs a more systematic management and problem-solving process. A planning system designed by us, for our own unique requirements, could make an enormous contribution.

Our system could give us numerous essential benefits:

- require rigorous communications about goals, strategic issues, and resource allocations;
- provide a discipline forcing managers to take a careful look ahead periodically;
- improve action plans for coordinated implementation of decisions;
- generate a basis for evaluating and integrating short-term plans;
- increase top management's ability to provide broad guidance; and
- make planning an integral part of the line management process rather than a staff function for planners (this is the toughest one).

If the Agency would define the attainment of three or four of these benefits as success, then we should undertake the development of a planning system. We will have a good chance of succeeding and achieving significant benefits.

WHERE ARE WE TODAY?

Our planning effort is disjointed and will certainly produce less than optimum results without a great deal more top management participation and structure.

Each directorate in their own unique way is attempting to do some planning. Some have just begun and others have an ongoing effort of several years. [] In S&T Planning, for several years has solicited requirements from DDO and NFAC. He has consistently stated that better Agency-level planning would materially improve their R&D decisions. DDO's Evaluation Program and Design Staff, formerly headed [] but currently vacant, prepares 12-month station operational objectives. No formal structure exists for developing or monitoring objectives longer than one year. NFAC planning [] is in the process of restructuring in the Planning Management and Evaluation Staff. Within this staff is the Production Planning Group which presently is attempting to determine 12-month priorities and relate them to the budget. The Management and Evaluation Staff also hopes in the future to address longer range substantive issues. DDA began their planning efforts earlier this year [] is developing a system that will be relevant to their needs. RMS contributes primarily through the budgeting process which is of minimal planning value. Meanwhile, the Executive Committee Staff has been attacking individual problems with no common thread.

Our ongoing efforts are of value and we should attempt to build from what has already been accomplished. However, some type of overall Agency structure is required. If not, we will get a patchwork quilt that no one ordered. Decentralization has its advantages, but the complete delegation of planning responsibility is not one of them.

Our documents that contain planning guidance are of little value. We are deluding ourselves if we think they are useful in their present format. The short-term section of NITs is too lengthy to set priorities and the long-term section is hopelessly general. Bruce Clarke is presently attempting to tie NFAC's 1980 production planning back to the short-term NITs. One of the stated objectives of the DCI Program Guidance is to achieve an effective and balanced five-year Community program. Since most of the guidance is very short term, this is not a practical objective. The DCID 1/2 - Basic US Foreign Intelligence Requirements Categories and Priorities gives a detailed breakout of the long-term priorities contained in NITs. The most useful part is the assigning of priorities to projects of marginal value. Overall, the document is far too long and most managers do not read matrix tables. Very few people read any of these documents, and fewer still use them for their intended purpose.

ROLE OF NFAC AND NITs

The question of who should be the driving force in developing an Agency plan has been the subject of much debate. One large faction claims that the totality of our efforts should be the creation of the NFAC critical intelligence issues list. I disagree. NFAC should generate the substantive issues to guide us, but each directorate will still have many organizational and operational goals that will be indirectly or not related at all to NFAC's issues. (If 50 percent of all of our target countries will be closed to DDO in five years, this could become a high priority for DDO regardless of what issues NFAC produces.)

The contributions the NITs can make is unclear at this time. Their format and structure are presently under review by Dixon Davis. It is hoped that NFAC will receive good guidance for its critical intelligence issues from the revised long-range sections of NITs.

Just as a statement of fact, it is probably worth noting that the NFAC long-range, critical intelligence issues and the revised NITs format are both only proposals at this time. Given their importance, priority should be given to their completion.

AGENCY PLANNING MECHANISM

After discussing all of the theory, we must still get down to an actual model that uniquely serves our needs. One will be presented here as a proposal, which is intended to initiate discussion.

The planning mechanism will be viewed in three parts: the structure, the process, and the logistics.

Structure

Directorate Staffs

Each directorate will have a small planning staff reporting to the deputy director. This staff will also have a dotted line to the Executive Committee Staff. These staffs will have the responsibility for the preparation of relevant plans for their respective directorates. The ultimate responsibility of any plan, however, still rests with the deputy directors and their office heads. The directorate planning staffs will establish guidelines, serve as catalysts for creative input, assist office heads when requested, and review and synthesize all information into a cohesive document for each directorate. The head of each planning staff should have a close enough relationship with his deputy director and each office head to fully understand their operational priorities, problems, and motivations.

As mentioned earlier, each directorate already has some form of planning staff. Again, it is strongly suggested we take advantage of their experience and previous efforts. However, the system proposed in this report varies from their own individual current methodologies. The primary difference is simply one of an approach and time frame that will permit an Agency-wide perspective on goals and priorities beyond 12 months.

Executive Committee Staff

This staff would serve as the synthesis point for all directorates, assist in communicating DCI/DDCI guidance, and help to establish and monitor action plans. They should report directly to the DDCI. So their perspective may be as operational as possible, the Executive Committee Staff should also seek close informal relationships with the deputy directors and office heads.

Planning Board

The purpose of the Planning Board would be to assist the Executive Committee Staff in synthesizing a top-level Agency plan and carrying out mandates for action plans, ensuring they are mutually consistent with the

Agency plan. Membership would consist of the planners from each directorate plus the Executive Committee Staff. The Secretary, Executive Committee would serve as Chairman.

Executive Committee

The Executive Committee will be the final review body for all advice to the DCI/DDCI. For planning discussions, the chief planner for each directorate plus the chief of the NIOs will be invited as observers.

Alternatives

We could choose to have the "planners do the planning" with little participation by line management. In this scenario, the Planning Board would develop an Agency plan without much contact with the deputy directors or the Executive Committee as a group. This is the worst of all possibilities because planners run the risk of not being close enough to the operations to fully understand the problems. Even if they were, line management needs to participate and endorse, since they must have the enthusiasm to implement. The other alternative would be to not have any planners and just let the line managers do everything. Except for the unwelcome additional workload, this is much preferable to having the "planners do the planning." Line managers are almost always better suited to knowing the true needs and priorities of their organizations. The problem, however, is that they may be reactive and not used to thinking in planning modes. That is why the structure above is suggested. It combines the strengths of staff and line while minimizing the weaknesses of depending exclusively on either.

Process

Contents of Directorate Plans

This section highlights the contents of the proposed planning system. It is addressed to the deputy directors and their planning staffs and would be done on an annual basis. The included topics of gaps, opportunities, and priorities fall into the category of operational planning with the earlier defined time horizon of three to five years. Strategic shifts are a function of direction, not time frame. Since this section contains the essence of the types of topics to be included in our plan, it is suggested that it be carefully reviewed to ensure that these are, in fact, the areas of highest interest.

Strategic Direction Shifts

Strategy shifts address fundamental changes in our mission or the nature of our organization. Examples would be a marked increase in covert action requested by policymakers, or a major increase in interest on

world food and population and less on military targets. Strategy is the most difficult question to answer and we may wish to leave it until the end to see if any common threads emerge from our other input. Ideally, however, our strategy thinking should precede and set the stage for our thinking on gaps, opportunities, and priorities. There would probably never be more than a few major shifts envisioned in any one year per directorate.

Gaps - about ten or less in number.

Gaps are defined as any top-priority collection, production, or organizational/operational needs for which our capabilities are less than adequate.

Opportunities - about ten or less in number.

Opportunities are defined as top-priority collection, production, or organizational/operational needs for which we possess the capability of achieving significant or perhaps even breakthrough results.

Goals/Priorities - about ten in number.

These would consist of goal statements for our most important gaps, opportunities, strategic shifts, or any high priority that does not neatly fall into these categories. These are the few key areas where "things must go right." If results in these areas are not adequate, our overall performance will be judged to be less than adequate. These are not the only topics that will receive our attention, but are the ones that absolutely must be done well. The Agency plan should also identify which goals require action plans and direct their development.

Resource Statement

A one-page overview of how anticipated goals may have a major budgeting or personnel impact. The plans for each directorate will be sent out as part of DCI guidance and, in general, major new projects will not be approved in the budget that are not included in the directorate plan. However, the relation to the budget will be in a macro sense only. We should not let ourselves get involved in detailed financial projections as this would drive out most qualitative thought. We should focus only on significant bow waves or large reductions resulting from specific goals.

Nature of Content

For the subject areas we have included under "Process" (strategic shifts, gaps, opportunities, priorities, resource statement) all directorates will be driven by both the:

- a. substantive issues provided by NFAC (concentrate more on food rather than military issues); and

- b. organizational/operational factors (much larger number of countries in future closed to DDO) unique to that directorate.

Again, all we are saying here is that even though many of our top-priority issues will come from NFAC's long-range, critical intelligence list, each directorate can and should have high-priority organizational/operational concerns which are unique to them.

Logistics

Timing

We have three actors in our sequence (NFAC critical intelligence issues, Agency plan, and budget) all of which affect the other and, hopefully, can work in concert. Ideally, the NFAC input on critical intelligence issues would come in July. The directorates with this input could submit their plans by September. If NFAC does not find it practical to complete by July, then parallel preparations among all directorates will be required with iterations at review points to accommodate changes dictated by NFAC input. The latter is certainly less efficient. In any event, the plan will be completed in time for the upcoming Program Call in December.

Action Plans

Detailed action plans should not be included in the planning document. Action plans should be done after the completion of the Agency plan as a separate exercise.

We need broad perspective and creative thought. If everyone knows he must immediately put together a detailed attack plan for each idea he has, it will have a chilling effect on getting anything except those which we already know how to solve. In addition, since developing action plans may be rather time consuming itself, we run the danger that most of our available line management time will be spent on the details of implementation rather than thinking about what we should be doing in the first place.

Sequence of Events

At this point, any exact chronological listing of events is premature. However, to get a feel for how events could flow, a sequence is suggested:

July 31 - NFAC distributes completed list of long-range intelligence problems.

July 31 - Executive Committee Staff sends out timetable.

Sept. 1 - Deputy directors and planning staffs submit first draft to Executive Committee Staff.

Sept. 21 - Planning Board distributes consolidated plan and Agency strawman after appropriate iterations with directorates.

Sept. 24 - Plan is reviewed by the DCI, DDCI, and the Executive Committee.

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Oct. 1 - Redraft by the Planning Board completed, and document forwarded to Executive Committee members for review.

Oct. 10 - Redraft completed by Planning Board and presented to DCI and DDCI for final approval.

Post October -

- (a) Initiation of Action Plan preparation and implementation.
- (b) DCI, DDCI, Executive Committee and Planning Board monitoring of progress. Planning Board to serve the staff function of supplying information on progress.

WHY PLANS OFTEN FAIL?

Many organizations point to a very elaborate planning system and planning document as evidence of their management sophistication. If, however, the system does not work, the same top management group which initially endorsed the system is not anxious to admit it failed and certainly not why. The lesson to be learned is to watch for weaknesses and be willing to change the system without fear of embarrassment. The best system of any kind is an evolving one and the first model we attempt will definitely not be perfect. The only certainty is that it will need changing over time.

The literature contains consistent reasons why plans fail and we should attempt to avoid these pitfalls:

- (a) Management commitment is incomplete and there is no follow up. Our system would, by participation, get a certain amount of management commitment and the Planning Board will monitor follow-up activities. True management commitment, however, must be won by the value of the system itself and strong support by top management.
- (b) Plans become too precise and lose perspective. We are guarding against this by not requesting action plans or detailed financial projections.
- (c) Adding up the pieces does not equal the whole. Informally, the meeting [] with the DCI, DDCI, and the Executive Committee should help to produce useful Agency-level guidance. On a formal basis, the Planning Board is charged with building an Agency strawman and synthesizing all input in a cohesive Agency document.
- (d) Most managers predict their organizational future by extrapolating the present. Separating the planning process from the budget cycle will help. The planning staffs should also assume some of the burden of keeping line management away from only today's issues.
- (e) Plans are too optimistic. The Executive Committee monitoring results and the Planning Board overseeing action plan progress should add some reality.

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SELECTING PLANNERS

Planners vary widely in how they are used by their organizations and how their planning tenure is viewed from a career development perspective. Most organizations utilize planners for operational and strategic planning and have them reporting to the President. Others use planners mostly for financial analysis with the reporting relationship being to the Vice-President of Finance. From a career development standpoint, the majority of planners are rotated every few years. Within the rotation philosophy there is some difference in what point planners should be in their careers when they are placed in planning. One popular approach is to take a senior line executive who is clearly marked for a very high-level position and let him get an overall corporate view in planning for two years. This has the advantage of having a seasoned, proven performer who will keep planning practical while broadening his own perspectives. Other organizations, while still rotating planners, bring them in at a much lower level with mostly staff experience, but they probably are very adept at the latest techniques. The organizations that do not often rotate planners tend to be those in somewhat stable but highly technical areas such as banking and oil. Their planning systems are usually quite complex, making high turnover undesirable.

It is recommended for the Agency that we select planners for operational and strategic planning and not for financial analysis. We have enough people looking at numbers. From a career development perspective we should have all planners on a flexible rotating assignment drawn from a mixture of very senior management and rising stars in nonsupergrade levels. The senior management types are essential to head the Executive Committee Staff and ideally most of the directorate planning staffs. The rotation will keep the system fresh and help prevent the system from accepting its own weaknesses. The senior managers are necessary to give the clout that will be required and also to bring the necessary organizational knowledge. A key factor in inducing our best people to accept a planning role will be what position do they get when they leave.

Staffing will be a major problem. Staff jobs are not thought of highly in the Agency and there are very few people in the Agency with the necessary qualifications. We should use the talent we have now but there is little depth. We must begin to develop people in each directorate for future planning roles. This would include as broad an exposure as possible with some cross-directorate experience and, ideally, a stint with one of our customers, e.g., NSC. Characteristics of good planners include:

- (a) Broad perspective.
- (b) Analytical thinker.
- (c) People orientation above average--he must do a great deal of persuading with no line authority.

- (d) Knowledge of organizations--this is helpful, but not as critical as assumed. An outsider could be productive in six months, except in DDO, if they have a proven planning background.
- (e) Someone who has the potential to be a deputy director.

PREREQUISITES FOR A SUCCESSFUL PLANNER

After we have chosen the right people and assigned them to the correct function, there are still organizational qualities which planners must possess if they are to be successful. Some of these must be bestowed by top management and others must be achieved by the planner.

Political power and the power of information must all be bestowed. In the short run, with planners on rotating assignments, they cannot be won by the planner unilaterally. The only exception would be a very senior-level official assuming a planning role. Political power must emanate from the visible support given by the DCI, DDCI, and DDs and is crucial in our organization where so much power rests in the directorates. Power of information could result from inclusion on top management committees and mailing lists. If planners are expected to have a broad perspective, they must have access to a wide range of information.

The qualities that may be achieved by the individual planner are anonymity, knowledge of the organization, and common sense. Anonymity is an often overlooked but important trait. Very few people outside of the Executive Committee and directorate office heads should have any idea of the knowledge and power that an effective planner has. A planner needs to be able to quietly move through an organization collecting information without raising suspicions. [redacted] high profile has dramatically decreased his overall effectiveness. A behind-the-scenes man needs to be just that. Knowledge of an organization is also important. A planner needs to be extraordinarily good at asking the right questions, and knowing the organization is quite helpful in doing this. Finally, a planner needs a healthy dose of common sense and should not view planning as an end. STATINTL